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NEW DATA ON SOVIET COOPERATIVES

The Soviet statistical agency has released new data on Soviet cooperatives. As of January 1, 1989, there were 77.5 thousand cooperatives involving 1.4 million people. As the enclosed table indicates, the largest number are in the Russian republic. However, on a per capita basis, the largest volume of production of goods and services takes place in Latvia, where the figure is 71 rubles per person. In the Estonia, the figure is 64, as it is in Armenia.

Surprisingly there are relatively few official cooperatives in the Central Asia republics. On a per capita basis, Turkmenistan shows an output of only 6 rubles per person. The average for the country as a whole is 21 rubles. Since we know from past experience that a very strong premium is placed on individual production and private trade in Central Asia, we can assume that Central Asians simply continue with their private activities and do not take the trouble to legalize their effort s.

These figures do indicate that there has been a rapid development of cooperative activity. In 1988, the output of product and services increased 17-fold over what it was in 1987. Production of goods amounted to 1.5 billion rubles in 1988, and services rendered totalled 1.3 billion rubles. Some of these figures also include the leasing of workshops from enterprises.

BALANCE OF TRADE FIGURES FOR 1988

The trade figures for 1988 reflect some of Gorbachev's problems. They do show an increase in exports but for the most part, that is a reflection of the fact that the quantity of petroleum being exported increased. Unfortunately for Gorbachev, the price of petroleum fell, so all the information we have suggests that the quantity of petroleum being exported increased even more than was reflected in the ruble results. Thus, exports rose approximately 500 - 600 million rubles. Offsetting whatever pleasure Gorbachev might derive from the increase in exports, is the fact that Soviet imports rose even more. Imports from Western Europe and Japan rose 1.3 billion rubles. However, because of the poor harvest, grain imports rose sharply, making the total increase in imports equivalent to about 2.3 billion rubles. As a consequence, last year's small trade surplus with the hard currency countries has turned into a deficit trade balance of 1.6 billion rubles (we do not include Finland in these calculations because the Soviets have a barter arrangement with Finland, although these results are not too much different if Finland is included).

The increase in grain imports has a decided impact on American-Soviet trade. American trade rose over 700 million rubles, making the United States the third largest exporter after West Germany and Japan. Exports from Argentina and Canada also increased.

The biggest increase in Soviet exports was to Great Britain and Japan. Soviet exports to Italy and the Netherlands fell substantially.

THE SOVIET UNION UNDER GORBACHEV: A NEW RUSSIA?
June 28 - July 1, 1989

In three days of intensive study, the 1989 Harvard Alumni College will draw on the experience and expertise of Harvard's Russian Research Center in an effort to understand the intellectual, political, and economic forces that have shaped recent Soviet history. Harvard's most distinguished Russian area scholars will lead participants through a study of traditional Soviet political culture, the effects of the Revolution, and the impact of World War II and Stalin. Other lectures will include Soviet literature, Soviet foreign relations and the prospect of increased trade with the United States.

Participating faculty include Adam B. Ulam, Timothy J. Colton, Donald L. Fanger, Marshall I. Goldman, Edward L. Keenan, Aleksandr M. Nekrich, Richard Pipes, David E. Powell, Walter D. Connor, Sanford Lieberman and T. Anthony Jones.

The program is designed to be an intensive weekend immersion into Russian and Soviet affairs.

Topics will include politics, history, economics, literature and culture. Small study groups will be utilized to discuss major lectures.

For more information about the weekend, please contact Mr.Terry Shaler at the Harvard Alumni Association, (617) 495-5731. Reservation deadline is June 15, 1989.

U.S.S.R. FOREIGN EXCHANGE RATES

Number of rubles purchased for ...

Foreign currency	02/01/89	02/08/89	02/15/89	02/22/89	03/01/89	03/08/89
£100 Sterling	109.40	108.69	108.91	109.12	107.79	106.96
100 Aust. sch.	4.74	4.71	4.73	4.77	4.81	4.78
100 D. Marks	33.34	33.20	33.28	33.56	33.82	33.61
100 D. Guilders	29.53	29:34	29.49	29.73	29.99	29.79
100 US$	62.21	62.46	62.23	61.59	61.42	61.90
100 Fr. Francs	9.82	9.75	9.78	9.85	9.92	9.89
1,000 Jap ¥	4.79	4.81	4.84	4.88	4.87	4.84
10,000 It. Lire	4.56	4.54	4.57	4.57	4.58	4.57
100 Swiss Frs.	39.19	39.16	39.14	39.48	39.59	39.32
100 Nor. Kroner	9.23	9.19	9.23	9.24	9.24	9.22
1,000 Belg. Frs.	15.93	15.81	15.90	16.01	16.13	16.05
100 Sw. Kronor	9.81	9.78	9.82	9.81	9.82	9.81

NUMBER OF ACTIVE COOPERATIVES BY UNION REPUBLIC AS OF JANUARY 1, 1989:

(According to GosKomStat Statistics)

	Total # of coops	Categories: Everyday Services	Categories: Rest-aurants	Categories: Consumer Goods Production	Number of Employees (thousands)
USSR	77548	23716	7583	16152	1396.5
RSFSR	38895	12123	3479	7183	708.2
Ukraine	13534	4252	852	2575	248.8
Belorussia	2518	756	97	354	43.5
Uzbekistan	3226	1113	423	517	71.6
Kazakhstan	4572	1391	587	841	72.6
Georgia	2089	378	403	1051	32.3
Azerbaidzhan	1291	421	255	309	15.8
Lithuania	1569	379	143	528	25.5
Moldavia	1644	566	85	324	38.5
Latvia	1190	453	81	240	28.7
Kirghizia	1265	413	205	245	15.8
Tadzhikistan	723	258	130	98	12.5
Armenia	3616	682	658	1611	56.4
Turkmenia	477	200	95	112	4.8
Estonia	969	331	90	164	21.5

BALANCE OF TRADE 1979, 1980, 1981, 1982, 1983, 1984, 1985, 1986, 1987, 1988

(Millions of Rubles)

	EXPORTS FROM THE USSR										IMPORTS TO THE USSR									
	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
Austria	442	580	854	675	566	761	805	540	431	454	368	396	507	535	787	891	859	852	600	712
Belgium	533	842	747	1032	991	1198	858	627	738	771	286	383	450	573	611	501	581	422	366	376
Gr.Brit	1094	859	645	813	1185	1393	1218	1274	1586	1794	811	953	858	752	632	819	684	515	524	623
Greece	180	409	538	533	533	582	594	219	242	310	65	92	100	122	155	102	134	65	71	92
Denmark	301	261	252	300	290	334	271	136	137	120	72	80	208	64	65	115	127	131	76	105
Spain	152	251	274	159	300	333	235	124	498	627	144	152	375	166	250	307	353	173	159	154
Italy	1292	2111	2484	2821	2998	3156	2468	1581	1804	1691	863	934	1002	1222	1436	1325	1325	1474	1686	1343
Nthlnds	903	1027	1019	1505	1224	1612	987	576	781	657	243	361	458	359	489	276	313	245	232	278
Norway	87	49	52	93	80	129	104	52	64	82	51	79	96	72	102	80	73	69	62	83
Germany	2218	3096	3635	4065	4067	4536	4251	2879	2492	2537	2485	2989	2703	2913	3360	3376	3243	2968	2676	3285
France	1426	2242	2525	2228	2422	2447	2174	1541	1518	1579	1198	1510	1665	1268	1728	1777	1603	1130	1090	1190
Swtzlnd	314	445	331	533	510	541	384	287	344	405	276	403	497	411	345	410	567	456	540	773
Sweden	554	355	291	409	652	563	492	298	427	463	223	322	347	345	255	272	306	245	225	246
Japan	944	950	817	757	825	840	928	980	973	1184	1661	1773	2213	2926	2176	2054	2287	2205	1628	1951
SUB TOTALS	10528	13568	14610	15988	16683	18469	15769	11114	2035	12674	8781	10464	11516	11771	12429	12358	12455	10950	9935	11211
Sub-Balance of Trade											+1747	+3104	+3094	+4217	+4254	+6111	+3314	+164	+2100	+1463
Argntna	25	30	31	28	26	26	62	53	41	24	289	1162	2372	1265	1300	1104	1230	192	417	547
Brazil	20	22	16	180	107	95	70	30	46	17	160	253	534	416	591	373	380	236	252	151
U.S.A.	350	151	183	155	331	306	326	313	279	332	2487	1352	1662	2072	1570	2829	2376	1146	919	1773
Canada	32	30	50	21	24	19	18	10	47	16	453	972	1377	1378	1278	1403	949	624	449	535
Australia	5	6	11	14	12	22	14	8	12	14	393	775	538	510	404	481	532	509	348	350
NZ	3	3	7	8	6	8	4	5	6	10	114	167	168	230	179	49	87	89	68	102
TOTAL	10963	13810	14908	16394	17189	18945	16263	11533	12466	13071	12677	15145	18167	17642	17751	18597	18009	13746	12388	14669
Balance of Trade											-1714	-1335	-3259	-1248	-562	+348	-1746	-2213	+78	-1598
Finland	2023	2024	2290	2396	2483	2421	2299	1595	1707	1529	1865	1865	2723	2798	2690	2312	2687	2378	2036	2188
	12986	15834	17198	18790	19672	21366	18562	12138	14173	14600	14542	17010	20890	20440	20441	20909	20696	16124	14424	16857
Balance of Trade with Finland included											-1556	-1176	-3692	-1700	-769	+457	-2134	-2996	-251	-2257

THE SOVIET UNION

A little too much glasnost, perhaps

Election results a shock – even to Gorbachev?

By Marshall I. Goldman

The doubters among us should be reassured. Mikhail Gorbachev is for real.

We were cautious when the Soviet Union's secretary-general and president said he would allow private business and cooperatives in the Soviet Union. He tied some strings to their operations, but there are now private and cooperative businesses in the Soviet Union. He said he would withdraw Soviet troops from Afghanistan. The Soviet Union continues to supply weapons to the Afghan government, but its troops are out. He said he wanted secret elections with more than one candidate. While one-quarter of the candidates in last week's election had no opposition (a little worse than Massachusetts), and in some districts there were no differences between the officially-sponsored candidates, there were, nonetheless, some very heated contests with the opposition candidates voicing some very radical ideas.

A groundswell of discontent

While all of this looks impressive from the outside, there are strong indications that Gorbachev set in motion more than he, and certainly more than his conservative comrades in the Politburo, bargained for. Gorbachev was explicit about his original intentions. He wanted to introduce what he called "democratization" in an effort to shake up the entrenched bureaucracy he had inherited from the Leonid Brezhnev years. After a few months in office, Gorbachev came to realize that the population in general had lost confidence in the system. It was distrustful of Gorbachev's promises of reforms, because similar reforms in the past had all come to naught. As before, the workers now were being asked to make sacrifices, while their leaders went about their business and kept all their privileges as usual. Gorbachev apparently concluded that the only way to address such deep alienation would be to subject government bureaucrats to a secret vote of the general public.

But as Gorbachev quickly discovered, creating a democracy from scratch is not an easy task. Realizing that too much democracy might be too destabilizing, Gorbachev designed a series of tempered measures. Rather than permit the direct election of a president and parliament he created a brand new entity of 2,250 delegates called the Congress of People's Deputies. Similar in part to our much smaller Electoral College, this Congress of People's Deputies is to meet briefly once a year to pick a president for a five-year term, as well as members of a 542-body Supreme Soviet. It is the members of the Supreme Soviet who are to have power to determine taxes and pass laws, not the members of the Congress elected last week.

With this indirect type of election, Gorbachev assumed that the party would be able to maintain its control and preempt any group from claiming a popular mandate directly from the voters. First of all, he set aside 750 of the 2,250 seats for special-interest groups. The most important group was, of course, the Communist Party. The party was allocated 100 seats, which it filled with senior party officials such as Gorbachev. This spared them the indignity of a contested election and ensured that they would be on hand to superintend the Congress once the other members were elected.

But there was another safeguard built into the system. In an effort to limit the number of unconventional delegates, local party authorities were entrusted with the power to determine which nominees in the general election of the 1,500 open seats would ultimately emerge as actual candidates. In this way, most of the more outspoken reformers were dropped from the ballot by the time the final nominating process had been completed. However, a few party and nonparty mavericks did survive. But not enough, it was thought, to make much difference. Essentially, Gorbachev had a fire without any burning.

Significance of Yeltsin victory

Imagine the reaction then of some of the party conservatives like Yegor Ligachev to the actual results. Despite the party's best efforts, the elections now carry a ringing mandate of widespread discontent with the status quo. Nothing epitomizes this sentiment more than the victory by Boris Yeltsin. A year and a half ago, Yeltsin had been deposed as Communist Party chief of the Moscow region and was personally criticized for his mismanagement by Gorbachev himself. Among other accusations, Yeltsin was criticized for having lost the support of the people. Now, having won 89 percent of the vote from the whole city of Moscow, it is clear that it is Yeltsin who has the support of the people, not his officially-sponsored opponent.

Similar protests deposed the commanders of the Soviet forces in East Germany, Moscow and Leningrad, as well as the heads of the Leningrad and Kiev party organizatons. What makes the Leningrad and Kiev races especially noteworthy is that, in both cases, these party leaders were unopposed in the general election. They lost because more voters crossed off their names than left them on the ballot. In effect, they defeated themselves.

Nor were the results only a reflection of dissatisfaction with the party leadership. In the Baltic republics, for example, nationalists received what has to be interpreted as a mandate for more independence and autonomy, if not secession from the rest of the Soviet Union. In the extreme case of Lithuania, candidates from a nonparty group called Sadujis won more seats than candidates officially sponsored by the governing Communist Party.

All of this has to be viewed as a vote of no confidence with the present state of perestroika, as well as the party leadership. It is not that the mavericks who have just been elected have a platform or reform plan of their own – they do not. All they are saying is that they do not like what has happened so far, and they have no confidence in their local party leadership.

A feeling of vulnerability

For Gorbachev, that is the most dangerous message of all. The fact that in the truly contested elections it was an unorganized opposition that won suggests that if there had been more actual contests, some of those exempted from challenge because of their guaranteed 100 seats – people like Ligachev and Viktor Chebrikov, the former head of the KGB, and conceivably even Gorbachev himself – might also have lost. The implication is clear. Every victor who escaped a contest must now wonder about the legitimacy of his position. Most of the senior party officials now find themselves in that untenable position.

Like any good politician, Gorbachev is doing his best to put his own spin on the results. As he sees it, the vote reflects popular frustration with the slow pace of the reforms. Indeed, Gorbachev has been attacking foot-draggers and calling for more response from the general population. However, most of the challengers who won conducted their campaigns in the name of perestroika and their backing for Gorbachev.

Most telling of all, however, is the official downplaying of these surprising results. It is hard to find more than the briefest reference to the magnitude of the electoral upheaval – and that suggests that Gorbachev is more uncomfortable with the results than he would like us to believe.

Marshall I. Goldman is associate director or Harvard's Russian Research Center and professor of economics at Wellesley College.

THE BOSTON SUNDAY GLOBE APRIL 2, 1989

Administration seen as close to decision on a Soviet policy

By Charles A. Radin
Globe Staff

HARRIMAN, N.Y. – The Bush administration is readying initiatives to respond to the Soviet Union's moves toward ending the Cold War, according to officials and scholars familiar with the current, exhaustive US review of superpower relations.

The specialists said the recommendations of major federal agencies – the State and Commerce departments, the Central Intelligence Agency and others – are now before the National Security Council, which may conclude the administration-wide policy review this week. Some of the specialists were interviewed at the annual conference of Harvard and Columbia universities' Soviet specialists that concluded here yesterday; others were contacted by telephone.

The government officials declined to outline specific initiatives under consideration, but said interest is focused on providing stronger incentives for decontrol of the Soviet economy, maintaining and increasing American pressure for democratization of the Soviet system and greatly increasing the exposure of Soviet citizens to Western ideas.

Soviet-American relations evolved rapidly during the last two years of President Reagan's term. Mikhail S. Gorbachev, the Soviet leader, took a number of major steps late last year to reduce military tensions and move his nation closer to democracy.

There has been no initiative from the American side since President Bush took office, and Bush declined to begin strategic-arms-reduction talks as quickly as had been suggested by Reagan administration officials.

"I want to take the offense in moving this relationship forward," Bush said at his first news conference after assuming office. But he went on to declare that an unhurried review would be done first.

Now, according to a top-ranking State Department official who spoke on condition of anonymity, "The review is in its closing phases."

He said the administration is preparing "bold new initiatives" that would encourage greater personal and economic freedom in the Soviet Union "but which cannot be seen as giving Gorbachev a helping hand.

"Remarkable" shifts

Ronald F. Lehman, assistant secretary of defense for international security policy and Bush's nominee to head the Arms Control and Disarmament Agency, told participants at the Harvard-Columbia conference that "the last thing we should do is subsidize an inefficient economy" – a reference to calls for easing trade and financial arrangements with the Soviet Union in response to steps taken there to relax tensions and improve human rights policies. "We should force them to restructure."

But Lehman continued: "The change taking place in the Soviet Union is remarkable and we ought to encourage it and keep it going as much as possible. I think that's the approach the new administration will take."

A prime reason for wariness on the administration's part, many American specialists on the Soviet Union agree, is a spreading euphoria – fraught with pitfalls for the United States – at the perception that the Cold War is over.

There is strong sentiment in Western Europe and among some prominent American politician-scholars, notably those involved in the Preventing Nuclear War Project at Harvard's Kennedy School of Government, that the effort launched in the mid-1940s to contain and frustrate Soviet expansionism has succeeded.

Thus, Graham Allison, the Kennedy School dean and a consultant to the Defense Department in the Reagan administration, is arguing forcefully that it is now up to Bush to seize the opportunity to move beyond the Cold War.

Former President Nixon is pressing the alternative view, asserting that little significant change has occurred and urging Bush to proceed slowly and roughly.

The new administration so far is unwilling to embrace either view, according to Soviet-policy specialists in the government and academe. Generally, leading specialists approve of that cautious stance, agreeing with Lehman that "the ice is melting" but that Soviet officials have not passed the point of no return in democratizing their society. The specialists also applauded the slow pace of the Bush review.

Peter Reddaway of George Washington University, former director of the Kennan Institute for Advanced Russian Studies, said that "the Soviet tactics, the Gorbachev tactics, have always been to put a lot of pressure on the Americans to go fast, fast, fast. There is danger in going fast of making mistakes – pitfalls in managing change and keeping it under control."

Rep. Les Aspin, chairman of the House Armed Services Committee, said that within Congress and the administration, both the option of continuing Reagan-era policies and the option of declaring the Cold War over and moving boldly toward a radically redefined relationship with the Soviet Union have been discarded.

"The real debate is between the stand-pat school and the seize-the-opportunity school," the Wisconsin Democrat said in a characterization that several State Department sources agreed with. "The stand-pat school is really a policy of react – make the Soviets go first and then we'll react. The seize-the-opportunity school holds that our children and grandchildren will never forgive us if we don't seize the opportunity presented by Mr. Gorbachev – that we ought not just react, we ought to act."

Policy evolving

Aspin said top Bush appointees "sounded like the stand-pat school at their confirmation hearings, but now sometimes they sound like the seize-the-opportunity school."

A ranking State Department source said this difference stems in part from "very productive discussions with Soviet officials" that seem to broaden the range of possibilities, and from differing opinions among American officials involved in the policy review.

Some agree with the advice of Adam Ulam, director of Harvard's Russian Research Center, who has advised both Reagan and Bush on dealing with the Soviet Union. At the weekend conference, Ulam called for a policy of "masterful inactivity."

But there is considerable countervailing sentiment.

"I'm urging," said the State Department source, "that we not always be on the conservative side when there are significant people in the Soviet Union saying things are not moving fast enough. We are concerned about instability, of course, but it is not our job to preserve the Soviet empire," he said, referring to the widely held belief that some trade and financial steps that have been advocated as tokens of friendship toward the Soviet Union would actually slow the restructuring that the United States desires by making it less imperative.

"We should let them find their way, and not try to slow them down."